

J. E. (Ted) Newall
Vice Chairman and
Chief Executive Officer

NOVA Corporation
P.O. Box 2535, Station M
Calgary, Alberta
Canada T2P 2N6
Offices: 801 Seventh Avenue S.W.
(403) 290-6000
FAX (403) 290-6379
Telex 038-21503

March 11, 1997

Dear Shareholder:

The Board of Directors is pleased to invite you to attend the annual meeting of the shareholders of NOVA Corporation to be held at The Edmonton Convention Centre, Edmonton, Alberta on April 16, 1997 commencing at 10:30 a.m. (Edmonton time). The items of business that you will be asked to act on are set forth in the enclosed notice of annual meeting and management information circular.

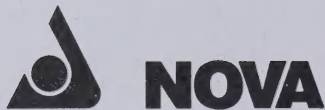
We encourage you to ensure your shares are represented whether or not you are able to attend. Your vote is important. If you do not plan to be present, I would appreciate your taking the time now to sign, date and return the enclosed proxy form in the enclosed postage prepaid envelope, so that your shares can be voted at the meeting in accordance with your instructions.

Proxies will be counted and tabulated by The R-M Trust Company, the transfer agent of NOVA, in such a manner as to preserve the confidentiality of individual shareholder votes, except (a) where the shareholder has made a written comment on the proxy form which is clearly intended for management, (b) as necessary to meet legal requirements, or (c) in the event of a proxy contest.

We thank you for your participation as a shareholder in NOVA Corporation.

Sincerely,

J. E. (Ted) Newall, O.C.
Vice Chairman and
Chief Executive Officer



NOVA Corporation

NOTICE OF ANNUAL MEETING

NOTICE is hereby given that the annual meeting (the "Meeting") of the holders of common shares (the "Common Shares") of NOVA Corporation ("NOVA") will be held at The Edmonton Convention Centre, 9797 Jasper Avenue, Edmonton, Alberta on Wednesday, April 16, 1997 at 10:30 a.m. (Edmonton time) for the following purposes, each of which is described in more detail in the accompanying Management Information Circular (the "Information Circular") which is incorporated by reference herein, namely:

1. to receive the consolidated financial statements of NOVA for the year ended December 31, 1996 and the reports of the management of NOVA and of the auditors;
2. to elect directors;
3. to appoint Ernst & Young as the auditors of NOVA and to authorize the directors to fix their remuneration; and
4. to consider such other matters as may properly come before the Meeting or any adjournment thereof.

The record date for the determination of holders of Common Shares entitled to receive notice of, and to attend and vote at, the Meeting will be the close of business on March 6, 1997. Any transferee or person acquiring Common Shares after such date may, on proof of ownership of Common Shares, demand not later than 10 days before the Meeting that his or her name be included on the list of persons entitled to attend and vote at the Meeting.

By Order of the Board of Directors

(Signed) RHONDDA E. S. GRANT
Corporate Secretary

Calgary, Alberta
March 11, 1997

TO: Holders of Common Shares

If you are unable to attend the Meeting in person, please complete and sign the enclosed form of proxy and forward it in the enclosed postage prepaid self-addressed envelope to The R-M Trust Company, 600 The Dome Tower, 333 Seventh Avenue S.W., Calgary, Alberta T2P 2Z1, to reach the addressee no later than 5:00 p.m. (Mountain time) on Tuesday, April 15, 1997.

MANAGEMENT INFORMATION CIRCULAR**GENERAL**

This Management Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the Board of Directors and the management of NOVA Corporation ("NOVA") for use at the annual meeting (the "Meeting") of the holders of NOVA common shares (the "Common Shares") to be held on April 16, 1997 at 10:30 a.m., Edmonton time, at The Edmonton Convention Centre, 9797 Jasper Avenue, Edmonton, Alberta and at any adjournment thereof. Enclosed is a form of proxy for use at the Meeting. A copy of the Annual Report, which includes the consolidated financial statements of NOVA for the fiscal year ended December 31, 1996 to be presented to the Meeting is also enclosed. A copy of this Information Circular, NOVA's Annual Information Form dated February 20, 1997 for the fiscal year ended December 31, 1996, as filed with Canadian provincial securities commissions and, under cover of an Annual Report on Form 40-F, with the United States Securities and Exchange Commission, and any interim financial statements of NOVA subsequent to the financial statements for the year ended December 31, 1996 may be obtained by any person without charge by writing to NOVA to the attention of its Corporate Secretary, P.O. Box 2535, Postal Station M, Calgary, Alberta T2P 2N6.

Pursuant to the General By-law of NOVA, proxies must be received by The R-M Trust Company no later than 5:00 p.m., Mountain time, on Tuesday, April 15, 1997. Proxies may be delivered using the enclosed postage prepaid self-addressed envelope, or by otherwise delivering them c/o The R-M Trust Company, 600 The Dome Tower, 333 Seventh Avenue S.W., Calgary, Alberta T2P 2Z1.

It is anticipated that this Information Circular and the accompanying form of proxy will be first mailed to shareholders on or about March 11, 1997. Unless otherwise stated, information contained in this Information Circular is given as at February 20, 1997. The principal executive and registered office of NOVA is located at 801 Seventh Avenue S.W., Calgary, Alberta T2P 2N6, and its telephone number is (403) 290-6000.

REVOCABILITY OF PROXY

A proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked in writing by the holder of Common Shares or the holder's attorney authorized in writing and deposited either at the registered office of NOVA at 801 Seventh Avenue S.W., Calgary, Alberta, Canada, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSON MAKING THE SOLICITATION

This solicitation of proxies is made by and on behalf of the Board of Directors and the management of NOVA and the costs thereof will be borne by NOVA. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited by personal interviews, telephone or other telecommunication device, by directors, officers and employees of NOVA, who will not be specifically remunerated therefor. In addition, NOVA has retained The Proxy Solicitation Company Ltd., 55 University Avenue, Suite 1705, Toronto, Ontario M5J 2H7, at a fee of approximately \$12,000 plus out-of-pocket expenses, and Georgeson & Company Inc., Wall Street Plaza, New York, New York 10005, at a fee of approximately U.S. \$9,000 plus out-of-pocket expenses, to aid in the solicitation of proxies from individual and institutional investors in Canada and the United States, respectively.

In soliciting proxies, no person is authorized to give any information or to make any representations other than those contained in this Information Circular and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

EXERCISE OF DISCRETION

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the holder thereof. **In the absence of such specification, such Common Shares will be voted in favour of the election of each of the directors named for the term specified on the form of proxy and in favour of the appointment of Ernst & Young as auditors and the authorization of the directors to fix their remuneration.** The persons appointed under the enclosed form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Information Circular, the Board of Directors and the management of NOVA know of no such amendment, variation or other matter.

COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

As of February 20, 1997, NOVA had outstanding 464,752,209 Common Shares. The closing price for NOVA Common Shares on The Toronto Stock Exchange on February 20, 1997 was \$12.85. Each Common Share confers upon the holder thereof the right to one vote on a ballot, if called, on each matter that may properly be brought before the Meeting.

The close of business on March 6, 1997 is the record date for the determination of holders of Common Shares entitled to notice of, and to attend and vote at, the Meeting. Any transferee or person acquiring Common Shares after such date may, on proof of ownership of Common Shares, demand not later than 10 days before the Meeting that his or her name be included in the list of persons entitled to attend and vote at the Meeting.

The representation in person or by proxy of at least 10% of the outstanding Common Shares is necessary to provide a quorum at the Meeting. Directors are elected by a plurality of the affirmative votes cast. A majority of the Common Shares which are voted in person or by proxy at the Meeting is required for approval of the appointment of Ernst & Young.

As at February 20, 1997, no person or company, to the knowledge of the directors or senior officers of NOVA, beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of NOVA.

ELECTION OF DIRECTORS

The NOVA articles currently provide for the Board of Directors to consist of a minimum of 12 directors and a maximum of 20 directors. The number of directors presently in office is 15. The information given herein with respect to each director is based upon information furnished to NOVA by each director.

Directors of NOVA

In accordance with the Restated Articles of Incorporation and the General By-law of NOVA, the Board of Directors has determined that 15 directors are to be elected at the Meeting by the Shareholders. The term of office proposed for each nominee for election as director is a term of one year expiring at NOVA's 1997 annual meeting or until a successor is earlier elected or appointed.

The nominees for election as directors of NOVA are F. P. Boer, R. B. Coleman, J. G. Day, R. F. Haskayne, J. J. Healy, H. N. Hotchkiss, J. M. Lipton, J. M. MacLeod, H. P. Milavsky, J. E. Newall, N. Pappas, R. L. Pierce, J. G. Rennie, C. E. Ritchie and A. Wexler. Each person nominated for election at the Meeting is currently a director of NOVA.

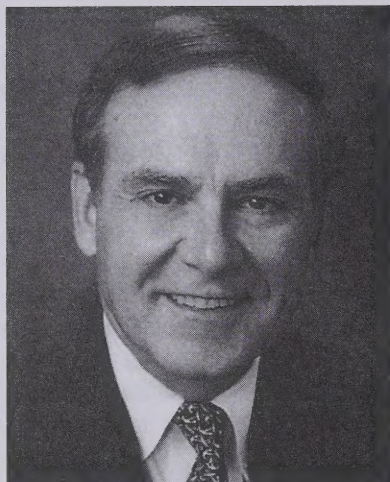
Set forth hereafter in alphabetical order is the principal occupation (including all positions currently held with NOVA) of each person who is a director of NOVA on the date hereof, the period during which each has served as a director of NOVA and certain other directorships held by each such director. Each such director has

held his or her present principal occupation or executive position with the same or associated firms for the past five years except as set forth below. Where used below in descriptions of past association, "NOVA" means NOVA Corporation since April 28, 1994 and NOVA Corporation of Alberta prior thereto. Proxies in favour of the persons named in the accompanying form of proxy will be voted in favour of the election for a one year term of each of the 15 persons named in the proxy as nominees for election as directors. The Board of Directors and management do not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

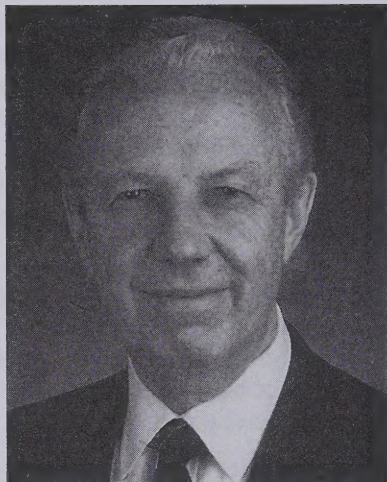
In December 1994 The Toronto Stock Exchange Committee on Corporate Governance in Canada issued a series of guidelines for effective corporate governance (the "TSE Report"). The guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. The guidelines have been adopted by both The Toronto Stock Exchange and the Montreal Exchange.

The TSE Report paid a great deal of attention to the make-up and independence of corporate boards. An "unrelated" director, under the TSE Report, is a director who is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the corporation, other than interests arising from shareholding. In defining an unrelated director, the TSE Report placed emphasis on the ability of a director to exercise objective judgment, independent of management. The TSE Report also made an informal distinction between inside and outside directors. The TSE Report considers an inside director a director who is an officer or employee of the corporation or any of its affiliates.

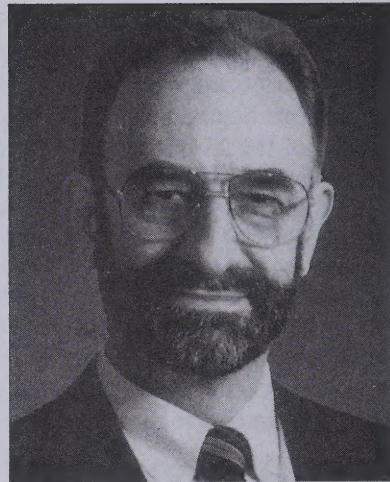
On a rigorous application of these definitions, 12 of NOVA's 15 existing directors are both unrelated and outside directors. Mr. Newall (NOVA's Vice Chairman and Chief Executive Officer), Mr. Pierce (a former NOVA officer and current consultant to NOVA and a director and officer of certain NOVA subsidiaries) and Mr. Lipton (NOVA's President) are the only three Board members who are related directors, and who would also be considered inside directors.



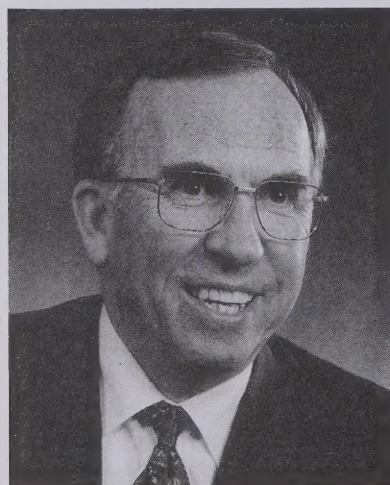
Dr. F. Peter Boer has been a director of NOVA since February 21, 1991. He resides in Village of Golf, Florida. He is President and Chief Executive Officer of Tiger Scientific, Inc., a firm specializing in science and technology, consulting and investments. Prior to 1995 he was Executive Vice President and Chief Technical Officer of W.R. Grace & Co., where he held responsibilities for research, engineering, business development and environment, health and safety. He is Co-Chairman of the National Medal of Technology Evaluation Committee for the United States Department of Commerce and serves on The Clean Air Act Advisory Committee of the Environmental Protection Agency. He is affiliated with advisory committees of Princeton University, the University of Chicago, Texas A&M University, the Georgia Institute of Technology and the Los Alamos National Laboratory and is a past president of the Industrial Research Institute. Dr. Boer holds an AB in Physics from Princeton University and a PhD in Chemical Physics from Harvard University and is the author of over 100 publications.



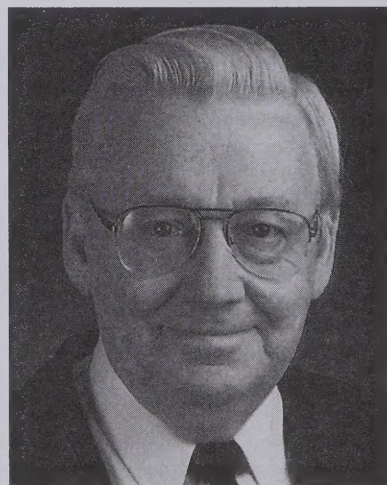
Ronald B. Coleman has been a director of NOVA since June 18, 1987. He resides in the City of Calgary and is President of R.B. Coleman Consulting Co. Ltd. and of Dominion Equity Resource Fund Inc., companies engaged in oil and gas activities. He also is a director of Dominion Equity Resource Fund Inc. and serves on the Boards of Landmark Corporation, The Maritime Life Assurance Company, Canadian Conquest Exploration Inc., and LMK Energy Inc.



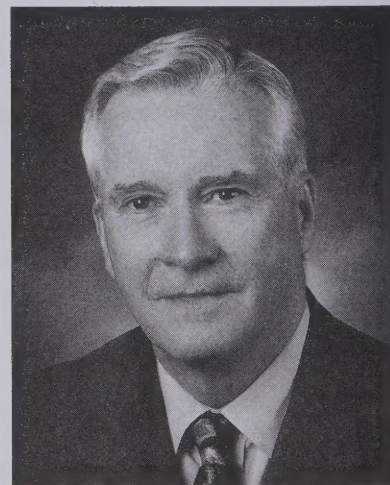
Sir J. Graham Day has been a director of NOVA since October 26, 1990. He resides in Hantsport, Nova Scotia and is retired. Prior to his retirement in 1993 he was Chairman of the Board of Cadbury Schweppes plc, a manufacturer of beverages and confectionery, and of Powergen plc, an electrical power generating company. Prior to April 1992 he was Chairman of the Board of British Aerospace plc, a company involved in defense industries and the manufacture of civil aircraft and automobiles. He is Chancellor of Dalhousie University, Chairman of the Board of Crombie Insurance Company (U.K.) Ltd. and also serves on the Boards of Extencicare Inc., Jebbens SA, The Bank of Nova Scotia, The Laird Group plc, Thorn-Emi plc, Thorn-Emi Senior Executive Pension Scheme Trust Ltd., Empire Company Limited, The Shaw Group Ltd. and The CSL Group Inc.



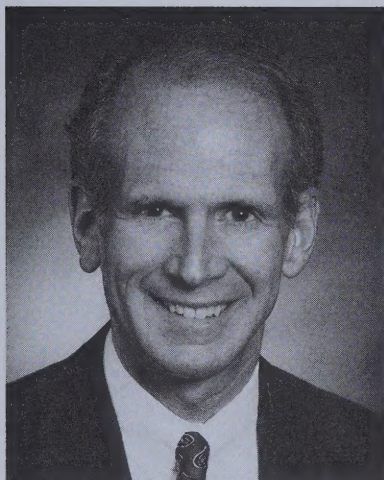
Richard F. Haskayne, F.C.A. has been a director of NOVA since May 2, 1991 and Chairman of the Board since April 21, 1992. Prior to April 1992 he was Special Advisor to the Board of Directors of NOVA. He resides in the City of Calgary. He is also Chairman and a director of TransAlta Corporation and MacMillan Bloedel Limited and a director of the Canadian Imperial Bank of Commerce, Fording Coal Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and certain subsidiaries and affiliates of NOVA.



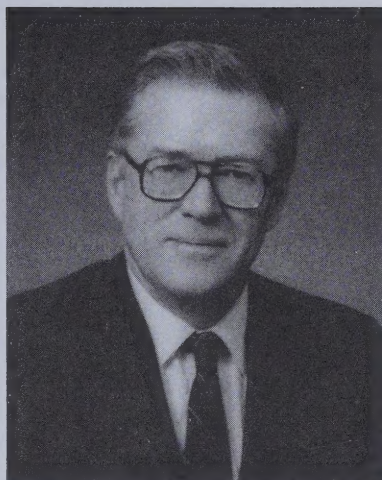
J. Joseph Healy has been a director of NOVA since April 19, 1977. He resides in the City of Edmonton and is President of Hemco Corp., which has real estate and development properties. He has spent considerable time in the automotive retailing and leasing industry and was the President of Healy Motors Limited until February 1996.



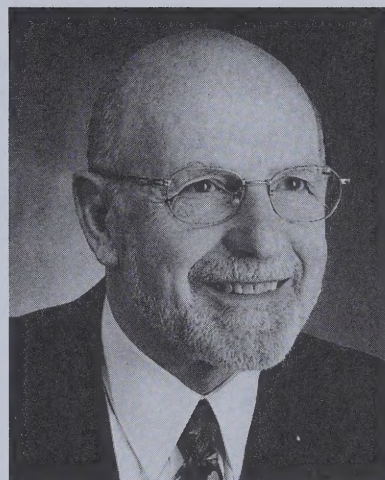
Harley N. Hotchkiss has been a director of NOVA since May 11, 1979. He resides in the City of Calgary and invests directly and through private companies in oil and gas, real estate, agriculture and professional sports. He is Vice-Chairman, Foothills Hospital Foundation Board, Vice-Chairman, Board of Directors, Calgary Flames Inc., and Chairman, National Hockey League Board of Governors. He also serves on the Boards of Alberta Energy Company Ltd., Jascan Resources Inc., Paragon Petroleum Corporation, Telus Corporation and the Michigan State University Foundation.



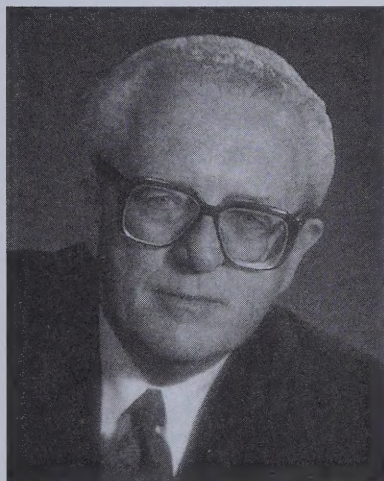
Jeffrey M. Lipton has been a director of NOVA since April 18, 1996. He is President of NOVA and resides in the City of Calgary. Prior to December 1994, he was President and Chief Operating Officer and prior to September 1994, he was Senior Vice President and Chief Financial Officer of NOVA. Prior to February 1994, he was Senior Vice President of NOVA Chemicals Inc. Prior to December 1993, he was Vice President, Corporate Plans of E.I. du Pont de Nemours & Co. and prior to January 1993, Vice President, Corporate Marketing and Continuous Improvement of that company. He is a director of certain subsidiaries and affiliates of NOVA, including Methanex Corporation and NGC Corporation.



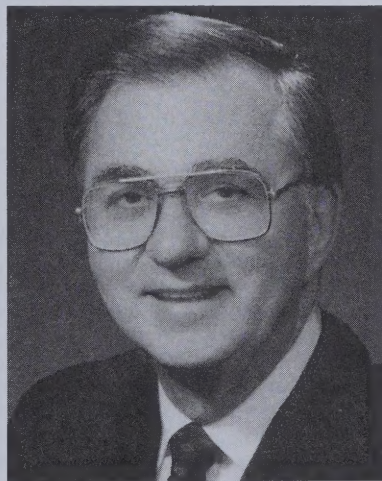
J. M. (Jack) MacLeod has been a director of NOVA since February 26, 1993. He resides in the City of Calgary. Prior to February 1993, he was President and Chief Executive Officer of Shell Canada Limited, an integrated petroleum and petrochemicals company. He is a director of Trimac Limited, BOVAR Inc., Wascana Energy Inc., Sun Life Assurance Company of Canada and The Van Horne Institute and a member of the Advisory Board of Alberta Northeast Gas Limited, Alberta Science and Research Authority Board and fellow of the International Institute for Sustainable Development. In the voluntary sector, he is director and chairman of Learning for a Sustainable Future, and Trustee, Calgary Health Trust.



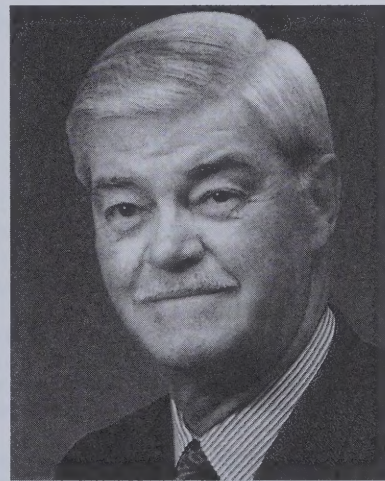
Harold P. Milavsky, F.C.A. has been a director of NOVA since April 26, 1988. He resides in the City of Calgary and is Chairman, Quantico Capital Corp., a company engaged in principal investments and acquisitions, merchant banking and investment advisory services. Prior to July, 1994, he was Chairman of the Executive Committee and a director of Trizec Corporation Ltd. and prior to April, 1993, he was Chairman of the Board of Trizec Corporation Ltd. He also serves on the Canadian Boards of Amoco Canada Petroleum Company Ltd., Brascan Limited, London Insurance Group and the London Life Insurance Company, Prime West Energy Inc., Wascana Energy Inc., Telus Corporation and Encal Energy Ltd.



J. E. (Ted) Newall, O.C. has been a director of NOVA since August 13, 1991. He is Vice Chairman and Chief Executive Officer of NOVA and, prior to September 1, 1994, was President and Chief Executive Officer of NOVA. He resides in the City of Calgary. He is also a director of BCE Inc., Alcan Aluminium Limitée, the Royal Bank of Canada and certain subsidiaries and affiliates of NOVA, Chairman of Methanex Corporation and Chair, Board of Governors of the University of Calgary.



Dr. Nicholas Pappas has been a director of NOVA since February 28, 1992 and resides in Centerville, Delaware. Dr. Pappas is Vice Chairman of Rollins Environmental Services, Inc., a company involved in hazardous waste treatment and management. Dr. Pappas is also a member of the Boards of Medical Center of Delaware, Chemfab Corp., Yenkin-Majestic Corp. and BioTraces Inc.; and a member of American Men of Science, Sigma Xi and Alpha Chi Sigma.



Robert L. Pierce, Q.C. has been a director of NOVA since May 13, 1977. He is Chairman and Chief Executive Officer of Foothills Pipe Lines Ltd. and Vice Chairman of NOVA Gas International Ltd. He was a Senior Vice President of NOVA from December 31, 1991 to May 16, 1994. He resides in the City of Calgary. He also serves on the Boards of The Bank of Nova Scotia, Interstate Natural Gas Association of America, Greystone Capital Management Inc., Neutrino Resources Ltd., Novagas Clearinghouse Ltd., Transportadora de Gas del Norte S.A. and certain subsidiaries and affiliates of NOVA including Gasoducto GasAndes S.A. of Chile and Gasoducto GasAndes (Argentina) S.A. of which he is chairman.



Janice G. Rennie, C.A. has been a director of NOVA since April 23, 1991 and resides in the City of Edmonton where she is a business consultant and advisor. Prior to 1996, she was President of Bellanca Developments Ltd. Prior to September, 1994 she was Senior Vice President of Princeton Developments Ltd., a commercial real estate developer and prior to December 1993 she was President, Prairie and Northwest Territories Region of that company. She is a member of the Board of Governors for the Alberta Stock Exchange and a director of Epcor Inc. (formerly Edmonton Power), and Weldwood of Canada Limited. In January 1993 she was appointed to the Audit Committee of the Province of Alberta and currently serves as its Chairman.



Cedric E. Ritchie, O.C. has been a director of NOVA since February 28, 1992. He is retired Chairman of the Board of The Bank of Nova Scotia, a Canadian chartered bank, and a director of the bank. He was Chairman of the Board from January 1993 until January 1995 and prior to January 1993 he was Chairman of the Board and Chief Executive Officer of that bank. He resides in Don Mills, Ontario. Mr. Ritchie serves on the Boards of The Canada Life Assurance Company, Ingersoll-Rand Company, Mercedes-Benz Canada Inc., Minorco, Pacific Basin Economic Council, Canadian Committee, MacMillan Bloedel Limited, J. Ray McDermott, S.A., Canadian National Railways and Glendis Inc. He is also Chairman of the Canada-Philippines Council, the Canadian Business Committee on Jamaica and Chairman and Director of the Atlantic Institute for market studies.



Anne Wexler has been a director of NOVA since December 9, 1994. She is Chairman and Chief Executive Officer of The Wexler Group and resides in Washington, D.C. She also serves on the Boards of Alumax, Inc. The Continental Corporation, Comcast Corporation, The Dreyfus Corporation Index Funds, The Dreyfus Corporation Mutual Funds, New England Electric System and Wilshire Target Funds, Inc. She served as senior advisor on the Clinton-Gore Transition Team, was Assistant to President Carter for Public Liaison and prior to that appointment was Deputy Under Secretary of Commerce.

BENEFICIAL OWNERSHIP OF SECURITIES

The table below sets forth, as at February 20, 1996, information as to shares of NOVA beneficially owned, directly or indirectly or controlled or directed, including options to acquire such shares exercisable within 60 days of February 20, 1997, by each director of NOVA and by all directors and officers of NOVA, as a group, as provided to NOVA by such persons.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1) (2) (3)	Title of Class
Dr. Frank Peter Boer	20,020	Common Shares
Ronald Borden Coleman	24,640 (4) (10)	Common Shares
Sir Judson Graham Day	27,810 (5)	Common Shares
Richard Francis Haskayne, F.C.A.	213,457	Common Shares
John Joseph Healy	28,493 (4)	Common Shares
Harley Norman Hotchkiss	33,321 (4)	Common Shares
Jeffrey Marc Lipton	702,260 (6)	Common Shares
John Morrison MacLeod	18,805 (4)	Common Shares
Harold Phillip Milavsky, F.C.A.	14,000 (4) (6)	Common Shares
James Malcolm Edward Newall, O.C.	1,458,265 (7)	Common Shares
Dr. Nicholas Pappas	22,518	Common Shares
Robert Lorne Pierce, Q.C.	420,818 (6) (8)	Common Shares
Janice Gaye Rennie, C.A.	21,351 (4)	Common Shares
Cedric Elmer Ritchie, O.C.	23,525 (6) (9)	Common Shares
Anne Wexler	16,104	Common Shares
All directors and officers as a group (30 persons, including those listed herein)	5,561,450	Common Shares

Notes:

- (1) Other than as described in notes (5), (9) and (10) below, these shares are subject to the sole voting and investment power of their beneficial owners.
- (2) Each director's holdings represents less than one percent of the outstanding Common Shares and all directors and officers, as a group, hold approximately 1.2% of the outstanding Common Shares.
- (3) Includes for Messrs. Haskayne, Lipton, Newall and 15 other officers 180,000, 650,000, 864,500 and 2,188,125 Common Shares, respectively, and for all other directors, except Mrs. Wexler who holds 11,000 Common Shares and Mr. Pierce who holds 171,000 Common Shares, 14,000 Common Shares each which may be acquired pursuant to options which are or become exercisable within 60 days of February 20, 1997, which options were issued to such persons pursuant to the Employee Incentive Stock Option Plan of NOVA (the "Option Plan").
- (4) The trust funds associated with NOVA's pension plans are administered by the Audit and Finance Committee, composed of Mrs. Rennie and Messrs. Coleman, Healy, Hotchkiss, MacLeod and Milavsky. The foregoing information regarding the beneficial ownership of Common Shares by each director does not include an aggregate of 590,300 Common Shares held by the trustee for such pension plans and over which the Audit and Finance Committee has assumed no investment or voting control.
- (5) 4,161 of the Common Shares for Sir Graham Day are held by Sedna Holdings Limited, a family holding company.
- (6) Excludes for Messrs. Lipton, Milavsky, Pierce and Ritchie, each of whom may be deemed to have, but disclaims, beneficial ownership of: 600, 32,696; 500; and 1,000 Common Shares, respectively. The 600 Common Shares for Mr. Lipton are held by his wife. The 32,696 Common Shares for Mr. Milavsky are held by Quantico Capital Corp. of which he is Chairman. The 500 Common Shares for Mr. Pierce are held as to 100 each by his two daughters who do not reside in the same residence as Mr. Pierce and 300 by his wife. The 1,000 Common Shares for Mr. Ritchie are held by his spouse. The foregoing respective associates and family of Messrs. Lipton, Milavsky, Pierce and Ritchie exercise sole voting and investment power over such Common Shares.
- (7) 562,900 of Mr. Newall's Common Shares are owned by Waskesiu East Holdings Inc. Mr. Newall has majority control of Waskesiu East Holdings Inc.
- (8) 5,281 of Mr. Pierce's Common Shares are owned by Danebro Investment Ltd., the shares of which company are held by Mr. Pierce.
- (9) 1,200 of the 23,525 Common Shares shown for Mr. Ritchie are held by an estate of which he is executor; as executor he has sole voting and dispositive power over these Common Shares.
- (10) 2,000 of the Common Shares for Mr. Coleman are held by R.B. Coleman Consulting Co. Ltd.

BOARD OF DIRECTORS

The Board of Directors is responsible for managing the business and affairs of NOVA. It establishes the overall policies and standards for NOVA. The directors are kept informed of NOVA's operations at meetings of the Board and its Committees and through reports and analyses and discussion with management.

The Board of Directors meets on a regularly scheduled basis. In addition, communications between the directors and management occur apart from regularly scheduled Board and Committee meetings.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established four standing Committees of the Board and has delegated certain responsibilities to each of those Committees and has also mandated each of them to perform certain advisory functions and make recommendations and report to the Board.

The Board of Directors of NOVA does not have an Executive Committee. The Board of Directors of NOVA has a Corporate Governance Committee, an Audit and Finance Committee, a Human Resources Committee and a Public Policy, Risk and Environment Committee.

The Corporate Governance Committee of the Board of Directors of NOVA is responsible for the composition, compensation and governance of the Board of Directors of NOVA and recommends to the Board nominees for election or appointment to the Board, as the case may be. In addition, this Committee is responsible for maintaining an effective working relationship between the Board of Directors and management of NOVA. The Corporate Governance Committee is composed of Mrs. Wexler and Messrs. Haskayne (Chairman), Pierce and Ritchie and Sir Graham Day.

The Audit and Finance Committee of the Board of Directors of NOVA reviews and inquires into matters affecting the financial reporting of NOVA, the system of internal accounting and financial controls and procedures, and NOVA's audit procedures and plans; approves the issuance of debt securities and foreign currency risk management strategies, recommends to the Board of Directors of NOVA the appointment and remuneration of the external auditors, is responsible for the proper and orderly funding and administration of the trust funds associated with NOVA's savings and profit sharing plans and pension plans and reviews with management and reports to the Board, on an annual basis, on the financing plans and objectives of NOVA. The Audit and Finance Committee is composed of Mrs. Rennie and Messrs. Coleman, Healy, Hotchkiss (Chairman), MacLeod and Milavsky.

The Human Resources Committee of the Board of Directors of NOVA reviews recommendations for the appointment of persons to senior executive positions, considers terms of employment including succession planning and matters of compensation, recommends awards under the Option Plan and is responsible for the proper and orderly administration of NOVA's savings and profit sharing plans and pension plans, other than matters relating to the funding and investment of the plans' trust funds. The Human Resources Committee is composed of Messrs. Haskayne (Chairman), Hotchkiss and Ritchie, Drs. Boer and Pappas and Sir Graham Day.

The Public Policy, Risk and Environment Committee of the Board of Directors of NOVA is responsible for overseeing the policies and practices of NOVA relating to the environment, occupational health and safety, risk management, government relations, corporate contributions and the development and projection of NOVA's corporate image. The Public Policy, Risk and Environment Committee is composed of Mrs. Rennie, Mrs. Wexler and Messrs. Coleman, Healy, MacLeod, Milavsky (Chairman) and Pierce, and Drs. Boer and Pappas.

In December 1996, a Technical Advisory Committee was created to advise NOVA Chemicals Ltd. ("NOVA Chemicals") on its research strategy. The Technical Advisory Committee consists of two directors of the Corporation, Dr. Nicholas Pappas (Chairman) and Dr. F. Peter Boer; Mr. Daniel Boivin, a Senior Vice President of the Corporation and the President and Chief Operating Officer of NOVA Chemicals and Mr. Paul D. Clark, the Vice President, Technology of NOVA Chemicals; and four world-class polymer research scientists, Dr. Michel Boudart, Professor, Stanford University, Mr. Gerry Dyer, retired Research and Development Director, DuPont Canada Inc., Dr. Musa Kamal, Professor, McGill University, and Dr. Kurt Zilm, Professor, Yale University.

EXECUTIVE OFFICERS

The table below shows the name, positions held with NOVA and principal occupations within the last five years of each person who is an executive officer of NOVA. Positions held with Old NOVA refer to NOVA Corporation of Alberta, the predecessor to NOVA Corporation. Officers are appointed by the Board of Directors of NOVA from time to time and serve at the discretion of the Board of Directors.

Name	Position with NOVA	Principal Occupations and Positions During Last Five Years
James Malcolm Edward Newall, O.C.	Vice Chairman and Chief Executive Officer	Prior to September 1, 1994, President and Chief Executive Officer of NOVA; prior to May, 1994, President and Chief Executive Officer of Old NOVA.
Jeffrey Marc Lipton	President	Prior to December, 1994, President and Chief Operating Officer of NOVA; prior to September 1, 1994, Senior Vice President and Chief Financial Officer of NOVA; prior to May 1994, Senior Vice President and Chief Financial Officer of Old NOVA; prior to February 1994, Senior Vice President of NOVA Chemicals Inc.; prior to December 1993, Vice President, Corporate Plans of E.I. du Pont de Nemours & Co.; prior to January 1993, Vice President, Corporate Marketing and Continuous Improvement of E.I. du Pont de Nemours & Co.
Daniel Wilfrid Boivin	Senior Vice President, NOVA and President and Chief Operating Officer, NOVA Chemicals	Prior to September 1, 1994, Senior Vice President, Olefins/Polyolefins, NOVA Chemicals; prior to December 1993, Vice President and General Manager, Plastics, DuPont Canada Inc.
Bruce Wayne Simpson	Senior Vice President, NOVA and President and Chief Operating Officer, NOVA Gas Transmission Ltd.	Senior Vice President of NOVA.
Clarence Kent Jespersen	Senior Vice President, NOVA and President, NOVA Gas International Ltd.	Senior Vice President of NOVA since September 1993; prior to September 1993, Senior Vice President, Corporate Development of Old NOVA; prior to April 1992, President of Foothills Pipe Lines Ltd.

Name	Position with NOVA	Principal Occupations and Positions During Last Five Years
Jack Stephen Mustoe	Senior Vice President, General Counsel and Corporate Environmental Officer	Prior to October 21, 1994, Senior Vice President, General Counsel and Corporate Secretary of NOVA; prior to May 1994, Senior Vice President, General Counsel and Corporate Secretary of Old NOVA; prior to September 1993, Vice President, General Counsel and Corporate Secretary of Old NOVA.
Sheila Helen O'Brien	Senior Vice President, Human Resources	Prior to January 24, 1995, Vice President for People and Community, NOVA Gas Transmission; prior to July 29, 1994, Vice President for People, NOVA Gas Transmission; prior to May 1994, Vice President for People, Alberta Gas Transmission Division of Old NOVA; prior to March 1993, Director, Public Affairs, Old NOVA; prior to July 1992, President of Belvedere Communications.
Albert Terence Poole	Senior Vice President and Chief Financial Officer	Prior to September 1, 1994, Senior Vice President, Corporate Development and Controller of NOVA; prior to March 1994, Senior Vice President and Controller of Old NOVA; prior to September 1993, Vice President and Controller of Old NOVA.

REPORT ON EXECUTIVE COMPENSATION

Composition of the Human Resources Committee

The Human Resources Committee of the Board of Directors is the committee of the Board that is responsible for the overall executive compensation strategy of NOVA and the on-going monitoring of the strategy's implementation. It is composed of Messrs. Haskayne (Chairman), Hotchkiss and Ritchie, Drs. Boer and Pappas and Sir Graham Day. The Chairman of the Committee has direct access to NOVA's external consultants on compensation and human resources matters. None of the members of the Committee is or was formerly an officer or employee of NOVA or any of its subsidiaries. However, Mr. Haskayne was under contract to NOVA as Special Advisor to the Board from April 1991 to April 1992 and is now paid a consulting fee by NOVA in respect of his duties as Chairman of the Board. See "Compensation of Directors".

Report of the Human Resources Committee

The Human Resources Committee's mandate includes all executive compensation matters. NOVA's executive compensation policies are designed to provide competitive compensation that enables NOVA to attract and retain executives that will make significant contributions to NOVA's annual and long term goals.

The major elements of the executive compensation program are base salary, annual performance incentives, long term incentives through the granting of stock options, and non-cash compensation. The Human Resources Committee annually monitors comparative total compensation information to ensure that target levels of overall compensation are competitive with similar Canadian industrial organizations. In any particular year NOVA's executive officers may be paid more or less than executive officers at comparable organizations depending on corporate and business unit performance and individual contribution.

Base Salaries

Base salaries for all executive officers are paid within salary ranges established for each position on the basis of the level of responsibility relative to other positions in NOVA. The salary range for each position is determined through annual comparative salary surveys of 13 to 18 large Canadian industrial organizations of similar size and complexity to NOVA and set at approximately the average of the survey group. Individual salaries within a range are determined by that officer's contribution to NOVA. The 1996 review of industry trends and comparative salary levels indicated a need to make only minor adjustments to salary ranges in 1997.

Mr. Newall's base salary was established by contract when he was hired in 1991 (see "Employment Contracts"). In lieu of cash salary compensation, Mr. Newall's contract was revised in 1993 to provide compensation in the form of 17,000 Common Shares per quarter for 1994 and 1995. In 1995, NOVA engaged the services of a consultant to assess the competitiveness of Chief Executive Officer ("CEO") salary as compared to 17 Canadian companies of similar size and complexity. It was determined that the appropriate notional base salary for Mr. Newall would be \$725,000 effective January 1, 1996. In 1996 it was determined that a market adjustment of 2% was required to maintain the market competitiveness of Mr. Newall's notional base salary with the result that it was increased to \$740,000 effective January 1, 1997. While Mr. Newall continues to receive his base compensation in the form of 17,000 Common Shares per quarter, his notional base salary is used for calculation of his management incentive plan and his benefits. Mr. Newall's contract was amended again in 1996 and in 1997 to provide for continuation of his payment of 17,000 shares per quarter.

Non-Cash Compensation

Non-cash compensation includes employee benefits, perquisites and vacations. NOVA's non-cash compensation programs are designed to approximate the average of large Canadian industrial organizations. Non-cash compensation is monitored annually. Mr. Newall does not receive any non-cash compensation that is different from that received by other executive officers, other than as described under "Supplementary Pension Agreements" and "Employment Contracts". As Mr. Newall did not receive cash salary compensation in 1994, 1995 and 1996, a notional base salary (which was set at \$625,000 for 1994 and 1995 and at \$725,000 for 1996 by the Human Resources Committee), equivalent to what he would have received in cash, was utilized to calculate benefits for which he is eligible and determining payments from the Management Incentive Plan. This approach to determining benefits will continue in 1997, based on Mr. Newall's 1997 notional base salary of \$740,000.

Management Incentive Plan

The Management Incentive Plan is designed to recognize the contributions to corporate and business results of executive officers and senior managers. The Management Incentive Plan constitutes a significant part of compensation. This plan provides for annual cash awards based on corporate and business unit performance and individual contribution to NOVA's results, measured against predetermined objectives. As the executive's responsibility level increases, the Management Incentive Plan represents an increasing portion of total compensation.

The guiding principle of the plan is to achieve a total compensation position, including base salary and management incentive target award, at the 75th percentile of like organizations if performance objectives, as approved by the Board of Directors, are achieved.

Management Incentive Plan awards are based on three components:

- (a) corporate performance — based on the achievement of consolidated net operating income goals;
- (b) business unit performance — based on the achievement of business related objectives, generally equally divided between financial objectives and other objectives such as improvement in environment, health and safety performance, customer service, operating performance, or other specific objectives; and
- (c) individual contribution — based upon the achievement of specific individual objectives.

A target incentive award, based on each participant's level of responsibility, is set and communicated to each participant at the beginning of each year. For members of management with direct responsibility for one of NOVA's businesses, target awards are weighted 30% on individual contribution and 70% on corporate and business results. For members of management with corporate responsibilities who do not have direct responsibility for one of NOVA's businesses, the weighting factor is 50% corporate performance and 50% individual contribution.

The actual incentive award paid each year, if any, is determined with reference to achievements in the components set out above. If minimum performance levels are not reached, no incentive is payable. If target performance levels are reached, the target incentive award is payable. Provision is made in the plan to pay incentives in excess of the target award, to a maximum established by the Board, if performance in a year is exceptional. The factor by which the incentive award is calculated is pro-rated between the minimum, target and maximum award depending on actual performance under each of the components.

In administering the plan, the Human Resources Committee may use its judgment in varying the amounts payable to executives. Management incentive awards are not taken into account for the purpose of calculating pension or other benefits.

As corporate objectives were exceeded in 1996, awards above the target level were made in 1997 for 1996 performance. In 1996, the non-financial objectives were met or exceeded resulting in payments which were above target levels.

Mr. Newall's management incentive payments are based on the terms of the Management Incentive Plan, making him eligible for an incentive of 50% of base salary if his target is achieved and up to 125% if it is significantly exceeded. On that basis, his management incentive payment for service in 1996 was calculated at 146% achievement of corporate objectives weighted at 50% and 140% achievement of individual performance objectives weighted at 50%.

Option Plan

The purpose of the Option Plan is to provide incentive to key employees, including the CEO and each of NOVA's five other most highly compensated executive officers (the Named Executive Officers, "NEO's"), to: (a) align management interests with those of the common shareholder; (b) contribute to growth of shareholder value; (c) produce improvement in operating results; (d) remain as employees; and (e) become the owners of Common Shares.

The objective of the Option Plan is to provide compensation at a competitive level with other comparable North American organizations, and to align the interests of executives more closely with those of shareholders as the result of the efforts of key employees in generating growth in Common Share value. Annual reviews are conducted to ensure that NOVA's Option Plan is comparable to similar North American petrochemical and gas services companies. Options are granted by the Board on the recommendation of the Human Resources Committee for the purchase of a set number of Common Shares at an exercise price equal to the closing price of the Common Shares on The Toronto Stock Exchange on the date of grant. Each option may be exercised over a 10 year period and options generally vest as to one-quarter at the date of grant and an additional one-quarter per year for the next three years. Alternate vesting, up to full vesting at the date of grant, may be granted at the Board's discretion.

The number of options granted to each eligible employee, including executive officers, is determined by a formula based on base salary and levels of responsibility and is adjusted with reference to the relative performance of such employee. The criteria used for making such adjustments in respect of grants to executive officers are: (a) the relative level of achievement of the executive officer; (b) the level of responsibility of each executive officer; (c) whether or not the executive officer has been given additional responsibilities; (d) the number of shares under options then held by the executive officer; and (e) the competitiveness of the grants with similar organizations.

With regard to the above criteria, the Board, in 1996, granted to Mr. Newall an option to purchase 300,000 Common Shares.

BY THE HUMAN RESOURCES COMMITTEE

*R. F. Haskayne (Chairman)
F. P. Boer
Sir Graham Day*

*H. N. Hotchkiss
N. Pappas
C. E. Ritchie*

Compensation of Officers

The following table sets forth the compensation paid by NOVA to the CEO and the NEOs, in each case in respect of the fiscal years ended December 31, 1996, 1995 and 1994.

Summary Compensation Table								
(Columns reflect Canadian dollars except Options column which reflects number of shares under option)								
Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (8)
		Salary (1)	Management Incentive Plan Payments(2)	Other Annual Compensation (5)	Awards		Payouts	
					Securities Under Option/ SAR's Granted (6)	Restricted Shares or Restricted Share Units (7)	LTP Payouts (7)	
J. E. Newall Vice Chairman and Chief Exec. Officer	1996	838,525 (3)	525,000	N/A	300,000	N/A	N/A	87,225
	1995	775,625 (3)	800,000	N/A	150,000	N/A	N/A	81,733
	1994	822,375 (3)	775,000 (4)	N/A	161,000	N/A	N/A	43,039
J. M. Lipton President	1996	540,000	450,000	N/A	200,000	N/A	N/A	68,474
	1995	515,004	600,000	N/A	150,000	N/A	N/A	32,343
	1994	466,668	550,000	N/A	225,000	N/A	N/A	283,914 (9)
D. W. Boivin Senior Vice President	1996	350,004	210,000	N/A	100,000	N/A	N/A	41,966
	1995	275,004	260,000	N/A	100,000	N/A	N/A	16,474 (10)
	1994	198,336	200,000	N/A	150,000	N/A	N/A	30,734 (11)
B. W. Simpson Senior Vice President	1996	300,000	215,000	N/A	100,000	N/A	N/A	38,810
	1995	275,004	230,000	N/A	100,000	N/A	N/A	36,323
	1994	263,247	215,000	N/A	43,000	N/A	N/A	19,042
C. K. Jespersen Senior Vice President	1996	300,000	210,000	N/A	100,000	N/A	N/A	36,956
	1995	275,004	230,000	N/A	100,000	N/A	N/A	33,284
	1994	241,128	200,000	N/A	50,000	N/A	N/A	16,518
A. T. Poole Sr. Vice President and C.F.O.	1996	300,000	200,000	N/A	100,000	N/A	N/A	39,662
	1995	275,004	230,000	N/A	100,000	N/A	N/A	32,769
	1994	203,337	200,000	N/A	140,000	N/A	N/A	16,928

Notes:

- (1) See "Report of the Human Resources Committee — Base Salaries".
- (2) NOVA has in place a Management Incentive Plan which has clear objectives for participants and as such does not operate as a "bonus" plan. See "Report of the Human Resources Committee — Management Incentive Plan". The annual incentive amounts are earned in the year reported and paid in the first quarter of the following year.
- (3) Mr. Newall's 1994, 1995 and 1996 salary was paid in the form of 17,000 Common Shares per quarter. As his salary is calculated using the closing price on The Toronto Stock Exchange on the last day of each quarter, the amounts shown reflect the variance in share price in 1994, 1995 and 1996.
- (4) Mr. Newall's 1994 management incentive payment was made in the form of 72,100 Common Shares. See "Report of the Human Resources Committee — Non-Cash Compensation".
- (5) The CEO and each NEO is in receipt of benefits and perquisites in addition to base salary and management incentive payments. The value of these benefits and perquisites does not exceed the lesser of \$50,000 or 10% of the total annual salary and management incentive payment except for Mr. Newall.
- (6) This column shows the total number of Common Share options granted to the CEO and each NEO during each respective year. See "Report of the Human Resources Committee — Option Plan". NOVA has not granted any stock appreciation rights ("SAR's"). In 1994 NOVA reported the cumulative total of options held by the CEO and each NEO at the end of each respective year. NOVA has been instructed by the Ontario Securities Commission to report the total number of options granted in each year and 1994 has been restated to that effect.
- (7) NOVA does not grant Restricted Shares or Restricted Share Units and it does not have a long term incentive plan ("LTIP").
- (8) Includes the dollar value of insurance premiums paid by NOVA with respect to term life insurance for the benefit of the CEO and each NEO plus amounts paid under the NOVA Savings and Profit Sharing Plan.
- (9) Includes a payment of \$263,045.62 as relocation budget and transition allowance in respect of Mr. Lipton's move from the U.S. to Canada.
- (10) Mr. Boivin did not receive profit sharing allocation in 1995 (in 1994) as he was not eligible to participate in NOVA's Savings and Profit Sharing Plan during 1994.
- (11) Includes a payment of \$28,587 as a relocation budget and transition allowance in respect of Mr. Boivin's move from Ontario to Alberta.

Stock Options

The table below shows the number of Common Shares available for purchase under share purchase options granted to the CEO and each of the NEO's during the period from January 1, 1996 to December 31, 1996 together with the percentage that the grant represents of total options granted by NOVA to its employees and employees of its subsidiaries in fiscal 1996, the per security exercise price, the per security market value of the underlying securities on the date the options were granted and the expiration date of the options granted. NOVA has not granted any SAR's.

Option and/or SAR Grants					
Name	Securities Under Option/SAR's Granted (#)	% of Total Options/SAR's Granted to Employees in 1996	Exercise or Base Price (\$ (1)	Market Value of Securities Underlying Options/SAR's on the Date of Grant (\$) (1)	Expiration Date
J. E. Newall	300,000	10.77	12.25	12.25	Feb. 15, 2006
J. M. Lipton	200,000	7.18	12.25	12.25	Feb. 15, 2006
D. W. Boivin	100,000	3.59	12.25	12.25	Feb. 15, 2006
B. W. Simpson	100,000	3.59	12.25	12.25	Feb. 15, 2006
C. K. Jespersen	100,000	3.59	12.25	12.25	Feb. 15, 2006
A. T. Poole	100,000	3.59	12.25	12.25	Feb. 15, 2006

Note:

- (1) Options are granted for Common Shares at the closing market price on The Toronto Stock Exchange on the date the grant is made by the Board. Options are granted for a term of ten years, exercisable on a cumulative basis as to 25% in the first 12 months, 25% in the second 12 months, 25% in the third 12 months and 25% thereafter for the term of the option.

The table below shows the number of Common Shares acquired on exercise of options during fiscal 1996 by the CEO and the NEO's, together with the aggregate dollar value realized on such exercises, the total number of Common Shares still available for acquisition under option, both vested and unvested, and the dollar value of "in-the-money" unexercised options, both vested and unvested.

Aggregated Option Exercises During the Year						
Name	Securities Acquired on Exercise	Aggregate Value Realized ⁽¹⁾	Unexercised Options/SAR's at December 31, 1996		Value of Unexercised In-the-Money ⁽²⁾⁽³⁾ Options/SAR's at December 31, 1996	
			Non-Vested	Vested	Non-Vested	Vested
J. E. Newall	1,000,000 ⁽⁴⁾	4,900,000	340,250	636,750	193,600	1,735,950
J. M. Lipton	0	0	281,250	493,750	131,250	820,000
D. W. Boivin	0	0	162,500	187,500	105,625	214,375
B. W. Simpson	25,000	88,625	135,750	322,250	82,425	1,078,275
C. K. Jespersen	42,000	163,500	137,500	195,500	87,500	458,825
A. T. Poole	0	0	160,000	251,000	98,375	448,525

Notes:

- (1) Calculated as the difference between the market value on exercise and the exercise price of the related option.
- (2) Calculated as the difference between the closing price of Common Shares on December 31, 1996 (\$12.15) and the exercise price of the related option.
- (3) "In-the-money" means that the market value of the Common Shares underlying the options on that date exceeds the option exercise price.
- (4) In November 1996, J.E. Newall exercised options on Common Shares that he received on joining NOVA in September 1991. The after-tax proceeds were used to acquire additional Common Shares and to reduce the bank debt he previously incurred to acquire Common Shares.

Pension Plans

Officers, along with all salaried employees, participate in NOVA's non-contributory pension plans which provide a retirement income and a 60% surviving spouse's pension based on the officer's years of service and the average base salary of the highest three consecutive years of the officer's final 10 years of service adjusted to reflect benefits payable under government sponsored plans. The amount of pension may vary based on other factors including the age of the employee at retirement and the form of pension elected. The following table illustrates the amount of annual pension received by an employee retiring at age 62 on December 31, 1996 who has not elected an optional form of pension benefit.

Pension Plan Table							
Remuneration	Years of Service						
	5	10	15	20	25	30	35
125,000	8,953	19,406	30,859	42,312	53,765	65,218	77,509
150,000	10,953	23,706	37,659	51,612	65,565	79,518	94,309
175,000	12,953	28,006	44,459	60,912	77,365	93,818	111,109
200,000	14,953	32,306	51,259	70,212	89,165	108,118	127,909
225,000	16,953	36,606	58,059	79,512	100,965	122,418	144,709
250,000	18,953	40,906	64,859	88,812	112,765	136,718	161,509
300,000	22,953	49,506	78,459	107,412	136,365	165,318	195,109
400,000	30,953	66,706	105,659	144,612	183,565	222,518	262,309
500,000	38,953	83,906	132,859	181,812	230,765	279,718	329,509
600,000	46,953	101,106	160,059	219,012	277,965	336,918	396,709
700,000	54,953	118,306	187,259	256,212	325,165	394,118	463,909
750,000	58,953	126,906	200,859	274,812	348,765	422,718	497,509
800,000	62,953	135,506	214,459	293,412	372,365	451,318	531,109
850,000	66,953	144,106	228,059	312,012	395,965	479,918	564,709
900,000	70,953	152,706	241,659	330,612	419,565	508,518	598,309
950,000	74,953	161,306	255,259	349,212	443,165	537,118	631,909

Notes:

- (1) NOVA's pension plan is a defined benefit plan. The benefit formula is integrated with the Canada Pension Plan ("CPP"). The non-contributory future service benefit is equal to the sum of (a) plus (b) where:
 - (a) is 1.0% times credited service times the lesser of
 - (i) Highest Average Earnings (defined below) and
 - (ii) Average Maximum Pensionable Earnings (defined below)
 - (b) is 1.6% times credited service times the amount, if any, by which the Highest Average Earnings exceeds the Average Maximum Pensionable Earnings.

Highest Average Earnings is the average of the highest 36 consecutive months of base salary in the last ten years and Average Maximum Pensionable Earnings is the three year average of the Year's Maximum Pensionable Earnings as determined in accordance with the Canada Pension Plan Act. Management incentive payments are not included in base salary for the purpose of determining pension benefits.

Pension benefits for (a) married retirees, upon death, consist of 60% of the member's benefit payable to the surviving spouse for life, and (b) single retirees are payable for life and are guaranteed for 5 years after pension commences.

Pension benefits are not subject to any deduction for social security or other offset amounts.

- (2) Estimated credited years of service to December 31, 1996 for the CEO and each NEO are:

J. E. Newall	5.33 years
J. M. Lipton	3.08 years
D. W. Boivin	3.0 years
B. W. Simpson	25.5 years
C. K. Jespersen	18.75 years
A. T. Poole	8.83 years

- (3) Table is calculated based on service in existing and continuing prior plans and includes supplementary pension amounts described below, but does not include optional contributory pension plan.
- (4) Table shows benefit payable at age 62 if the employee left NOVA on December 31, 1996.

Supplementary Pension Agreements

NOVA's pension plan benefits are subject to maximum annual benefit accruals of \$1,722.22 per year of credited service or to any greater maximum which may be provided for in the Income Tax Act (Canada) from time to time. NOVA has entered into pension agreements with certain officers and employees which provide for supplementary pension payments, computed with reference to the earned pension under NOVA's pension plan. These supplementary payments would be above the maximum annual benefit accrual permitted by NOVA's pension plan and, therefore, would not be deductible for income tax purposes by NOVA until paid to the respective officer or employee. The aggregate pension payments resulting from such agreements and the pension payments payable under NOVA's pension plan would be generally equivalent to the benefit which is earned under NOVA's pension plan without the maximum annual benefit described above. Although these supplemental pension agreements still exist with individual employees including the CEO and NEO's, in 1992 NOVA approved a policy to provide the same supplementary pension payments to all employees who become subject to the maximum annual benefit accrual.

In addition to the foregoing, Mr. Newall's employment contract (see "Employment Contracts") provides that he is guaranteed an annual pension of not less than \$20,000 per annum per year of employment, resulting in NOVA agreeing to make up any short-fall between what the pension plans would provide and the \$20,000 per annum amount. Mr. Newall is also entitled, after retirement and prior to age 65, to elect to receive as a lump sum the commuted value of the additional pension benefits provided for as noted above. At December 31, 1996 Mr. Newall's contractual annual pension benefit will be \$106,600.

Mr. Lipton's employment contract provides that NOVA make up any short-fall should the value of pension benefits provided through NOVA and Mr. Lipton's previous employer be less than the value of pension benefits that Mr. Lipton would have received had he remained with his previous employer until retirement.

In addition, when Mr. Boivin was hired by NOVA, NOVA agreed to ensure that the commuted value arising from his NOVA pension plan participation and participation in his previous employer's pension plan in the aggregate would not be less than he would have received had he remained with his previous employer.

Employment Contracts

NOVA has entered into employment agreements with Mr. Newall and Mr. Lipton.

Mr. Newall's employment contract provides for an indefinite term of service at NOVA at a minimum annual salary of \$600,000, reviewable annually with a view to determining appropriate increases (which are determined under NOVA's compensation policy — see "Report of the Human Resources Committee"). In 1996 Mr. Newall was paid, and in 1997 Mr. Newall will be paid, his annual salary in the form of 17,000 Common Shares per quarter. Mr. Newall's 1997 notional base salary for management incentive payment and benefits calculation purposes will be \$740,000. The purpose of this compensation arrangement was to directly link Mr. Newall's compensation to creating shareholder value. Mr. Newall's reported income for these years will reflect the number of Common Shares issued to Mr. Newall multiplied by the market price of these Common Shares on the date of issuance. Mr. Newall's Management Incentive Plan target (see "Report of the Human Resources Committee") is 50% of his notional base salary for achieving performance objectives established by the Board of Directors. Mr. Newall can receive up to a maximum of 125% of his notional base salary for significantly exceeding such objectives. Mr. Newall received his management incentive payments in 1994 and 1995 for service in 1993 and 1994 respectively, in Common Shares. In response to a request from the Human Resources Committee of the Board, Mr. Newall received his 1996 and 1997 management incentive payments for service in 1995 and 1996 in cash.

Mr. Newall's contract provides for the additional pension payments described above under "Supplementary Pension Agreements", \$20,000 per annum in personal financial and tax planning fees and an initial stock option of 1,000,000 Common Shares vested as to 100% and exercisable for seven years without reference to whether or not Mr. Newall is still employed by NOVA over that seven year period. Mr. Newall exercised that stock option in November 1996 — see "Compensation of Officers — Aggregate Option Exercises During the Year" and footnote (4) thereof. In the event of Mr. Newall's termination of employment other than for cause, he is entitled to be paid a termination payment consistent with the prevailing practice of NOVA at the time of his termination, in lieu of any compensation he might otherwise have received from NOVA.

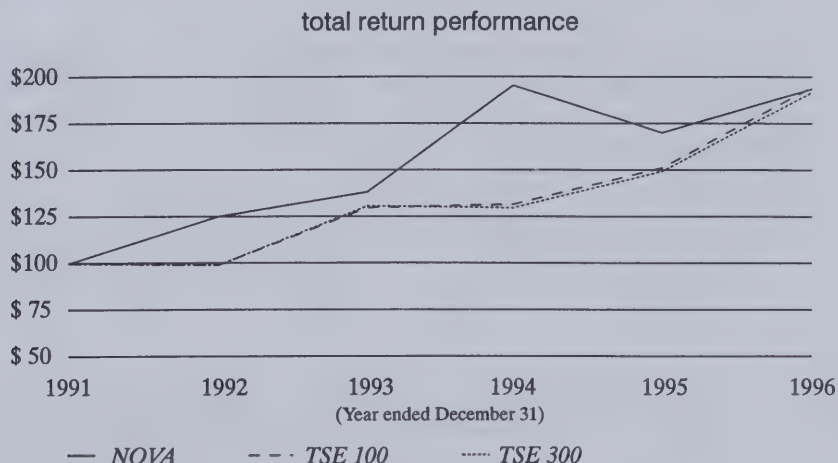
Mr. Lipton's employment contract provides for an indefinite term of service at a minimum salary of \$450,000, reviewable annually with a view to determining appropriate increases (which are determined under NOVA's compensation policy — see "Report of the Human Resources Committee"). For the first year of his employment contract he was entitled to a minimum additional management incentive payment equal to 40% of his salary. Mr. Lipton's employment contract provides for an initial stock option of 200,000 Common Shares in accordance with the terms of the Option Plan. During the one year waiting period where Mr. Lipton was not eligible to participate in the NOVA Employee Savings and Profit Sharing Plan, Mr. Lipton received additional compensation in cash equivalent to the amount he would have received if he were entitled to participate in the plan through the provision of monthly payments at a rate of 5.6% of salary. NOVA also provided Mr. Lipton with assistance with the sale of his home in the United States and his relocation to Calgary in the form of real estate and transition support. In the event of termination of his employment, other than for cause, Mr. Lipton is entitled to be paid one times the salary and management incentive payments received by him in the most recently completed year along with compensation for loss of benefits, savings plan and pension plan contributions and the cost of relocation back to the United States, all payable in lieu of damages.

In addition to the agreements described above, NOVA has entered into a consulting agreement with R. L. Pierce, a NOVA director, under which Mr. Pierce will provide international business advice and other services. This agreement was effective May 1, 1994. In 1995 Mr. Pierce was paid approximately \$420,000 for service in 1994 and \$520,000 for service in 1995. He was paid \$660,000 for service rendered in 1996 under the terms of this agreement.

NOVA has entered into agreements with Messrs. Newall, Lipton, Boivin, Jespersen, Poole and Simpson in which these executives agreed not to leave voluntarily their employment with the Corporation during a proposed change of control of the Corporation. In the event of a change of control of the Corporation and the involuntary termination or constructive dismissal of one of these executives, each is entitled to receive salary, benefits and other compensation for 36 months in the case of Mr. Newall, 30 months in the case of Mr. Poole, and 24 months for each of Messrs. Boivin, Jespersen and Simpson. A portion of Mr. Lipton's entitlement of 36 months will be in consideration for a non-competition agreement which Mr. Lipton granted in favour of the Corporation and which prohibits Mr. Lipton from being involved with a Canadian business or a business with principal activities in Canada which is substantially similar to NOVA's business for a period of two years from his involuntary termination or constructive dismissal following a change of control.

Total Return Performance

The following graph demonstrates a five calendar year comparison of cumulative total return (assuming reinvestment of dividends) performance based upon an initial investment of \$100 invested on December 31, 1991 in Common Shares as compared with The Toronto Stock Exchange's TSE 100 Composite Index and TSE 300 Composite Index.



Compensation of Directors

Directors who are full time employees of NOVA do not receive directors' fees. Prior to 1996, each director who was not a full-time employee of NOVA (a "Non-Employee Director") was paid an annual retainer fee in cash.

In November 1995 the Board of Directors authorized the creation of the NOVA Director Share Compensation Plan (the "Director Share Compensation Plan") in order to change the form of the annual retainer fee paid to Non-Employee Directors. Under the Director Share Compensation Plan, NOVA has the option to pay directors an annual retainer fee in cash or shares, at NOVA's option, at a value consistent with industry standards. The Director Share Compensation Plan gives the Board of Directors the authority to amend the terms and conditions of the Director Share Compensation Plan from time to time, including the number of Common Shares which may be issued to a Non-Employee Director as an annual retainer, provided that the total number of Common Shares which may be issued under the Director Share Compensation Plan will not exceed 350,000, and that the Director Share Compensation Plan will terminate on April 1, 2001. The Director Share Compensation Plan received shareholder approval in April 1996 and the directors have received their full 1996 retainer in Common Shares. The 1996 allotment for each director was 2,400 Common Shares, and for 1997, the Board of Directors has approved an annual retainer fee for each Non-Employee Director of 2,400 Common Shares, issuable in quarterly installments in arrears.

In addition to the annual retainer each Non-Employee Director is paid a cash attendance fee of \$1,500 for each directors' meeting attended, except in the case of the Chairman of the Board to whom a fee of \$3,000 (including the \$1,500 attendance fee) is paid for each directors' meeting attended. A travel fee of \$1,500 is paid for one travel day prior to each directors' meeting attended, where travel is required out of province, and \$3,000 where travel is required out of country.

Each Non-Employee Director who is a member of the Corporate Governance Committee, the Audit and Finance Committee, the Human Resources Committee or the Public Policy, Risk and Environment Committee is paid an attendance fee of \$1,500 for each committee meeting attended except in the case of the chairman of each such committee to whom a fee of \$3,000 (including the \$1,500 attendance fee) is paid for each committee meeting attended. Each Non-Employee Director who is a member of the Technical Advisory Committee is paid an attendance fee of US\$4,000 for each committee meeting attended, except in the case of the chairman of the committee to whom a fee of US\$7,000 (including the US\$4,000 attendance fee) is paid for each committee meeting attended.

The Non-Employee Directors also are eligible to use a share purchase plan (the "Director Share Purchase Plan"), under which each participating director may elect to have some or all of his or her annual cash retainer, if any, and attendance and travel fees (subject to a contribution of a minimum of 50% of the after-withholding-tax annual retainer fee) paid to a custodian at the end of each calendar quarter. The custodian uses the funds to purchase Common Shares in the open market on behalf of the participating director. A participating director may withdraw all or a portion of the Common Shares purchased under the Director Share Purchase Plan and held by the custodian on his or her account on up to four occasions per year.

Non-Employee Directors are also eligible to receive options under the Option Plan. Under current policy, each Non-Employee Director is granted options to purchase Common Shares in amounts such that the market value of the Common Shares underlying the options is approximately equal to the estimated cash value of that director's annual retainer fee and attendance fees. The cash value of the retainer fee, if paid in shares, will be estimated based on the trading price of the shares on each date of issuance in the previous financial year. These options entitle the Non-Employee Director to purchase Common Shares at a price equal to the closing trading price for Common Shares on the day on which the options are issued. In 1996, each Non-Employee Director, other than the Chairman, received options to purchase 3,000 Common Shares at a price of \$12.25 per Common Share, while the Chairman received options to purchase 40,000 Common Shares at a price of \$12.25 per Common Share.

Mr. Haskayne was paid a fee of \$200,000 by NOVA in 1996 in respect of his duties as Chairman of the Board. Mr. Haskayne's primary responsibility is to facilitate the most effective governance of the Corporation by the Board of Directors. In addition to chairing the Board, he chairs the Corporate Governance and Human Resources Committees of the Board. He acts as an advisor to the Chief Executive Officer and helps represent NOVA to its customers and communities.

CORPORATE GOVERNANCE

Under the rules of The Toronto Stock Exchange NOVA is required to disclose information relating to its system of corporate governance with reference to the guidelines set out in the 1994 TSE Report on Corporate Governance entitled "Where were the Directors?" (the "TSE Report"). NOVA has fully supported these initiatives since their inception and in 1996 NOVA won the Financial Post Annual Report Award of Excellence for disclosure of corporate governance in its 1995 Annual Report. This was the first Financial Post Annual Report award ever given for corporate governance disclosure. NOVA is fully committed to maintaining its leadership role in the area of corporate governance. Since 1991, NOVA has had in place a broadreaching plan for governance. With NOVA's increasing national and international development, combined with the globalization of the petrochemicals and gas services businesses, the directors and management have responded to the need to establish forward-looking governance policies and to constantly evaluate and modify them to ensure their effectiveness. NOVA's disclosure is set out in matrix form and attached to this Information Circular as Schedule "A". This disclosure statement has been prepared by the Corporate Governance Committee of the Board and has been approved by the Board of Directors.

NOVA is aligned with the guidelines recommended by the TSE Report and now adopted by the Toronto and Montreal stock exchanges. The one exception to NOVA's alignment with the guidelines relates to a recommendation that there be clearly stated mandates for the Board and the Chief Executive Officer. While NOVA's CEO has a specific mandate, this is not the case for NOVA's Board of Directors. NOVA's full Board has plenary power, without a specific mandate. Any responsibility which is not delegated to NOVA's senior management or a committee of the Board remains with the full Board. NOVA believes this is an appropriate arrangement given the respective responsibilities of the Board committees and senior management.

APPOINTMENT OF AUDITORS

It is proposed that Ernst & Young, Chartered Accountants, be appointed to act as auditors of NOVA for the current year. Ernst & Young have served as auditors of NOVA or its predecessors since 1956. Representatives of Ernst & Young are expected to be present at the Meeting and will be given the opportunity to make a statement if they wish to do so. They will also be available to respond to appropriate questions.

SHAREHOLDER PROPOSALS

Shareholder proposals to be considered at the 1998 annual meeting of shareholders of NOVA must be received at the principal executive offices of NOVA no later than January 19, 1998 to be included in the information circular and form of proxy for such annual meeting.

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The contents and the sending of this Information Circular have been approved by the Board of Directors of NOVA.

By Order of the Board of Directors

(Signed) J. E. NEWALL, O.C.
Vice Chairman and
Chief Executive Officer

(Signed) A. T. POOLE
Senior Vice President and
Chief Financial Officer

February 20, 1997

SCHEDULE “A”

NOVA ALIGNMENT WITH CORPORATE GOVERNANCE GUIDELINES

Corporate Governance Guideline	Does NOVA Align?	Comments
1. Board should explicitly assume responsibility for stewardship of the corporation, and specifically for:		
a. adoption of a strategic planning process	Yes	<p>a.1 One Board meeting a year is set aside for a substantial strategic planning session.</p> <p>a.2 The Human Resources Committee and the Board review the written objectives of the senior executives and provide guidance for the development of corporate strategy.</p>
b. identification of principal risks, and implementing risk-managing systems	Yes	<p>b.1 The Board has specifically identified NOVA's principal risks and receives an integrated health, safety and environment report annually.</p> <p>b.2 NOVA has established committees to implement and monitor systems put in place to address these risks. As an example, the Public Policy, Risk and Environment Committee played a role in establishing NOVA's environmental management system and, in cooperation with the Corporate Environmental Officer, monitors its operation.</p>
c. succession planning and monitoring senior management	Yes	<p>c.1 The Human Resources Committee reviews and reports to the Board on organizational structure and succession planning matters at least annually.</p> <p>c.2 The CEO has a written objective that makes succession planning a priority.</p> <p>c.3 The Human Resources Committee reviews and monitors executive development programs.</p> <p>c.4 NOVA uses the Self Management by Objectives (“SMBO”) system to monitor the performance of senior management.</p>
d. communications policy	Yes	<p>d.1 The Board has put structures in place to ensure effective communication between NOVA, its stakeholders and the public. These structures include the Public Policy, Risk and Environment Committee. It has a mandate to review and advise the Board on policies and programs to create a strong, cohesive, sustained and positive image of NOVA for customers, shareholders, governments and the public. The Board undertakes an annual review of its strategy with respect to communication to all stakeholders.</p> <p>d.2 NOVA's shareholder communication program provides for the open, accessible, non-selective and timely exchange of material information with all shareholders, respecting the business, activities and performance of NOVA, subject to applicable legal requirements. Shareholder communications are available in either English or French. The disclosed information is released through news wire services, the general media, a home page on the Internet and mailings to shareholders.</p> <p>Individual queries, comments or suggestions can be made at any time by calling or writing directly to NOVA's head office in Calgary, Alberta. NOVA has a dedicated shareholder relations group to respond to individual shareholder inquiries and maintains a toll-free telephone line for ease of contact. In addition, NOVA has an investor relations and public affairs group to respond to inquiries from investors, media and the public. Together, these groups deal with investor concerns and ensure that all inquiries receive a full and timely response.</p>
e. integrity of internal control and management information systems	Yes	<p>e.1 The Board has, through the appointment of various committees, put in place an effective system for monitoring the implementation of corporate strategies. Each of the following committees is responsible to review and advise the Board on implementation of corporate strategy in the noted areas:</p> <ul style="list-style-type: none"> — Human Resources: employment, remuneration and succession planning — Public Policy, Risk and Environment; environmental and health and safety compliance

Corporate Governance Guideline	Does NOVA Align?	Comments
		<ul style="list-style-type: none"> — Audit and Finance: compliance of financial reporting with accounting principles and oversight of all financing plans — Corporate Governance: determining Board agendas and priorities and proposing Board and Board Committee membership to the full board and oversight of the effectiveness of management's interaction with and responsiveness to the Board.
2. Majority of directors should be "unrelated" (free from conflicting interest)	Yes	J. E. Newall (CEO), R. L. Pierce (former officer of NOVA) and J. M. Lipton (President) are the only Board members who are related. If the proposed directors are elected to the Board, 12 out of 15 directors will be unrelated to NOVA.
3. Disclose for each director whether he or she is related, and how that conclusion was reached	Yes	<p>J. E. Newall Related — is Vice Chairman and CEO of NOVA.</p> <p>R. L. Pierce Related — is former officer of NOVA is current director and officer of NOVA subsidiaries is a consultant to NOVA.</p> <p>J. M. Lipton Related — is President of NOVA</p> <p>R. F. Haskayne Unrelated — is non-executive Chairman of the Board — no former affiliations with NOVA, other than a consultancy which is no longer in place — is paid a yearly fee in respect of his duties as Chairman.</p> <p>For the remainder of the proposed directors, none of them or their associates have:</p> <ul style="list-style-type: none"> — worked for NOVA — material contracts with NOVA — received remuneration from NOVA in excess of directors' fees. <p>F. P. Boer Unrelated</p> <p>R. B. Coleman Unrelated</p> <p>Sir J. G. Day Unrelated</p> <p>J. J. Healy Unrelated</p> <p>H. N. Hotchkiss Unrelated</p> <p>J. M. MacLeod Unrelated</p> <p>H. P. Milavsky Unrelated</p> <p>N. Pappas Unrelated</p> <p>J. G. Rennie Unrelated</p> <p>C. E. Ritchie Unrelated</p> <p>A. Wexler Unrelated</p>
4. a. Appoint a Committee responsible for appointment/assessment of directors	Yes	<p>a.1 The Corporate Governance Committee has the mandate to:</p> <ul style="list-style-type: none"> — recommend candidates for the Board — annually review credentials of nominees for re-election — recommend candidates for filling vacancies on the Board — ensure qualifications are maintained — annually review the performance of the Board and the Chairman and review the mandates of each Board Committee. <p>a.2 A periodic directors' survey acts as assessment by each director to ensure issues of corporate governance are raised to management.</p>
b. Composed exclusively of non-management directors, the majority of whom are unrelated	Yes	b.1 All members are unrelated.
5. Implement a process for assessing the effectiveness of the Board, its Committees and individual directors	Yes	<p>The Corporate Governance Committee is mandated to:</p> <ul style="list-style-type: none"> — monitor the quality of the relationship between management and the Board and recommend improvements — survey the directors regarding the effectiveness of Board operation and act as an informal assessment — review on an annual basis the proposed Board and Committee Agendas.

Corporate Governance Guideline	Does NOVA Align?	Comments
6. Provide orientation and education programs for new directors	Yes	<p>The Corporate Secretary and Secretary to the Board prepare a "Director's Manual" for new and existing directors, which is updated from time to time.</p> <p>New Board members receive a director's orientation.</p> <p>The Corporate Governance Committee annually recommends to the Board a broad list of topics for discussion. These topics often have a continuing education theme.</p> <p>Recent presentations have been given to the Board on comparative director liability between Canada and the United States, business conduct guidelines and the governance of NOVA's partially owned entities. In addition, directors are given updates on business and governance initiatives on a continuous basis and in response to questions raised by Board members.</p> <p>At least one Board meeting is held annually at a plant site to give the directors additional insight into NOVA's business.</p>
7. Consider reducing size of Board, with a view to improving effectiveness	Yes (15 current and proposed directors)	A board must have enough directors to carry out its duties efficiently, while presenting a diversity of views and experience. NOVA has a number of distinct businesses, some international. This defines the current number of directors. The Board reviews the contributions of the directors, and considers whether the current size of the Board promotes effectiveness and efficiency. The Board believes it does.
8. Review compensation of directors in light of risks and responsibilities	Yes	The Corporate Governance Committee is mandated to review and recommend to the Board for approval the remuneration of directors and conducts a comprehensive annual review of the directors' level and mix of compensation. The Committee considers time commitment, comparative fees and responsibilities in determining remuneration.
9. a. Committees should generally be composed of non-management directors; and	Yes	NOVA committees are composed solely of non-management directors.
b. Majority of Committee members should be unrelated	Yes	
10. Appoint a Committee responsible for approach to corporate governance issues	Yes	<p>The Corporate Governance Committee is generally mandated to be responsible for the Board governance of NOVA. Included in its mandate is the responsibility to:</p> <ul style="list-style-type: none"> — review the mandates of the Board's committees and recommend changes — recommend allocation of directors to the various committees — undertake "such other initiatives as are needed to help the Board deliver exemplary corporate governance".
11. a. Define limits to management's responsibilities by developing mandates for:		
(i) the Board	No	<p>There is no specific mandate for the Board, since the Board has plenary power. Any responsibility which is not delegated to senior management or a Board committee remains with the full Board.</p> <p>In addition to those matters which must by law or by the Articles of NOVA be approved by the Board, management is required to seek Board approval for major transactions including those that are in excess of \$50 million budgeted and \$25 million non-budgeted. Changes in senior management are also approved by the Board. More detailed descriptions of matters requiring board approval are set out in NOVA's board committee mandates, which are briefly described on page 8 and in NOVA's Annual Report.</p>
(ii) the CEO	Yes	The CEO's written objectives constitute a mandate on a year to year basis. These objectives include the general mandate to maximize shareholder value.
b. Board should approve CEO's corporate objectives	Yes	The Human Resources Committee approves the CEO's written objectives on an annual basis which are reviewed by the full Board.
12. Establish procedures to enable the Board to function independently of management	Yes	One of the CEO's written objectives is to improve the quality of interaction between management and the Board.

			<p>The Board meets independently of management for a portion of each meeting.</p> <p>The Corporate Governance Committee ensures that the Board functions independently of management. It is chaired by the non-executive Chairman of the Board.</p> <p>The Board expects NOVA's management to be responsible for the day-to-day functioning of NOVA's business. The Board acts in a supervisory role and expects NOVA's management to: (a) undertake an on-going review of NOVA's vision, strategies and their implementation in light of evolving business strengths, market conditions, technology and government regulation; (b) report in a complete, accurate and timely fashion on NOVA's business and affairs, and on any matters of material consequence for NOVA and its shareholders; (c) conduct a comprehensive annual budgeting process and closely monitor NOVA's financial performance against the annual budget; and (d) take timely actions respecting NOVA's activities within the framework of legal requirements and the corporate policies in effect, with a view to enhancing shareholder value.</p>
13.	<p>a. Establish an Audit Committee with a specifically defined mandate</p> <p>b. all members should be non-management directors</p>	<p>Yes</p> <p>Yes</p>	<p>a.1 NOVA's Audit and Finance Committee is generally mandated to:</p> <ul style="list-style-type: none"> — monitor audit functions and the preparation of financial statements — approve press releases on financial results — review all prospectuses, material change reports and the annual information circular — meet with the outside auditors independently of management — review and approve foreign currency risk strategies — oversee the funding and administration of NOVA's pension plans.
14.	Implement a system to enable individual directors to engage outside advisers, at the corporation's expense	Yes	Individual directors can engage outside advisers with the authorization of the Chairman of the Committee.

